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service?

- This language was initially placed into the service agreement by the sales and marketing group to ensure optimum service quality. As you're aware, depending on where a cell phone is used, the quality of service or the quality of the signal may vary, depending on where you're at. By seeking to discourage customers from moving the equipment from its original location, the company actually sought to maintain a consistent, high level of signal quality to the customers, and this was especially true at the time the service was initially deployed because it was a new service offering and the company was unsure of what type of signal we would have, and we wanted to ensure that our customers received the optimum service. So this language, no matter how well-intentioned, was subsequently deleted from this agreement to leave no question to the mobility of the service.
- Q. Now, the Demo/Loaner Equipment Agreement also contained language that seems to restrict the mobility of the wireless local loop service. Can you identify that language?
- A. Yes. The second sentence of that agreement states, "The unit is intended to remain

stationary. Removing the unit from its Cellular One installation location is a violation of this agreement and your Cellular One Wireless Residential Service Agreement, and it may result in substantial additional fees to you, failure of the unit and/or termination of this agreement."

- Q. Once again, why would the Demo/Loaner Equipment Agreement contain language that seems to restrict the mobility of the service?
- A. This language was put into the equipment agreement for the same reasons it was included in the service agreement. Western Wireless sought to ensure that optimum signal quality to our customers was there for the deployment of this new service offering in Regent, and by recommending to our customers that they keep the equipment in its original location, the company sought to maintain a consistent high level of service to customers. This language also was subsequently removed from the equipment agreement to leave no question as to the mobility of the service.
- Q. Notwithstanding the language contained in the Cellular One Wireless Residential Service Agreement and the Wireless Residential Service Demo/Loaner Equipment Agreement, did Western

Wireless prevent any wireless local loop customers from using the service in a mobile manner or take any action against those who used the equipment in a mobile manner?

- A. No. Western Wireless determined after the first year of service in Regent that it was no longer necessary to encourage wireless local loop customers to refrain from utilizing the full mobile characteristics of the services. In fact, the same wireless local loop service is now being deployed on a broad scale basis to approximately 1500 customers in the States of Minnesota, Kansas, Nevada and Texas, and none of these agreements with Western Wireless and its customers in any of those states contain any restriction or limitation on the mobility of the wireless access unit.
- Q. Is there any reason for restricting the mobility of the wireless local loop unit, other than for maintaining optimum signal quality?
- A. No. The fact that the initial version of the Wireless Residential Service Agreement and the Wireless Residential Service Demo/Loaner Agreement contained the statement recommending that the unit remain in its original location did not alter the technical characteristics of the unit or the nature

of the service provided by Western Wireless.

equipment is mobile cellular equipment that customers can and do use in mobile applications.

Q. Have all wireless local loop customers in Regent signed the addendums to the wireless -- to the Cellular One Residential Service Agreement marked in this proceeding as Western Wireless Exhibit 1 and the addendum to the Wireless Residential Service Demo/Loaner Equipment Agreement marked as Western Wireless Exhibit 2?

- A. Yes. All of the customers that were on our service at the time when when we originally signed the customers up have signed these addendums, and all customers that have signed up for service after February of 2000, they did not need to sign the addendum as we were using the new service agreement that did not contain the language that was talked about before.
- Q. So as it now stands, is there any language in the Cellular One Wireless Residential Service Agreement, Wireless Residential Service Demo/Loaner Equipment Agreement or any other agreement with the customer that restricts the mobility of the service?
 - A. No.

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- So what new evidence is at issue here for the Commission to consider in deciding whether it shall amend the findings of fact, conclusions of law and order?
- Actually, with the addendums entered into by all wireless local loop customers that remove the language relied upon by Consolidated in an attempt to change the Commission's decision, there really is no new evidence to consider which would change its determinations. Even without the addendums the underlying services provided by the wireless access unit were still mobile services.
- Is it your conclusion then that the wireless local loop service offered by Western Wireless is and remains mobile?
- 16 A. Yes.

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17 MR. DEJORDY: I have no further questions. 18 I would tender RaeAnn for cross-examination.

MR. BINEK: Thank you.

20 MR. DEJORDY: I guess, first, I need to 21 move to admit Western Wireless Exhibit 1, which is

22 the addendum to the Cellular One Wireless

23 Residential Service Agreement, and Western Wireless

Exhibit 2, which is an addendum to the Wireless

25 Residential Service Demo/Loaner Equipment That is correct.

0. Can you tell us where those six other areas are?

- A. Yes, I can. We have one that is used at NDSU, and that one is being -- that one was deployed during the flood this summer and is used at the university itself. We have two that are used out at Strata in Grand Forks and three that are used with Minnkota Power Plant in the Grand Forks area.
 - Q. Don't you also have one at a ranch located north of Beach, North Dakota?
 - That one I'm not aware of. A.
 - 0. Does the name James Tescher -- Jim Tescher mean anything to you?
 - I've heard the last name before; however, I'm not familiar with the customer.
 - Is it fair to say that you maybe are not familiar with all of the WRS units being used throughout the state?
 - I may not know exactly where all of the tellular units are in the state. However, I have been told by the sales team that these are where our tellular units are deployed.
 - Q. Are you aware of the fact that the federal

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Agreement.

MR. BINEK: Do you have copies for -- I don't need one. Mr. Maus?

MR. MAUS: We have no objection.

MR. BINEK: Okay. Hearing no objection,

6 how are these exhibits marked?

MR. MAUS: WW-1 and WW-2.

MR. BINEK: WW-1 -- Exhibits WW-1 and WW-2

are admitted. Mr. Maus.

CROSS-EXAMINATION

11 BY MR. MAUS:

- Q. Mrs. Kelsch, Western Wireless does offer the WRS service in areas other than Regent, Mott and New England; is that correct?
- What -- what I said was that we are using 16 the wireless local loop or wireless access unit in six other locations in the state. However, they are not -- it's not deployed as a WRS product and it does not have the same rate plan as what we are offering in Regent. It has a conventional cellular mobile plan that is connected with that service or that unit.
- 23 Q. So I understand, the rate plan is 24 different, but the equipment that the individual 25 has is the same as what's used in Regent?

- law defines a mobile station as one that ordinarily does move?
 - Yes, I am aware of that. A.
- And would you agree with me that when this project went in place in Regent, that you had contracts in place that said the customer could not move the equipment?
- A. At the time when we deployed our service in Regent, North Dakota, the service agreement did discourage the customer from using their unit mobiley. However, we do not know how our customers were using their units -- their access units in their homes and do not know whether or not they were moving them from room to room or from inside to outside of their house or from a house to a garage or taking it in their car and driving down the road to their relatives' house.
- To get back to the question, you used the words "discouraged" and your counsel used the words "seems to restrict." Isn't it a fact that Exhibits 7 and 8 state unequivocally that the device cannot be moved?
- A. Yes. However, that does not stop the technical aspects of the unit itself, which is a mobile unit.

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- But it does say that it is not intended to be moved; wouldn't that be true?
 - That would be true.

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- You made a point of saying that the provisions were put in at the request of sales and marketing. Does it make any difference who requested the provision in the contract as to whether it's more enforceable or less enforceable?
- No. sir. It does not make a difference as to whether or not it's more enforceable. However, what -- when sales and marketing looks at putting in language into service agreements and perhaps our business attorneys or consumer -- business attorneys, what it does do is it -- they take into account different aspects of what is important to them, and as they looked at this, they looked at the service quality and the signal quality as being an issue that was important to the sales and marketing and felt that that was an aspect that they needed to hone in on. However, you know, we in the regulatory department may have looked at this differently.
- The changes you have made, which are introduced as Exhibits 1 and 2, were they made immediately after Consolidated filed a motion with

statement. However, if I was to read it as a sales and marketing individual, I would say that you may not be able to receive a phone call.

MR. MAUS: I don't have any other questions.

MR. BINEK: Okay. Thank you. Staff have any questions?

> MS. JEFFCOAT-SACCO: (Shakes head.) MR. BINEK: Commissioner Hagen.

COMMISSIONER HAGEN: Thank you, Bill.

EXAMINATION

BY COMMISSIONER HAGEN:

- RaeAnn, I'm trying to get clear in my own mind here on Western Wireless Exhibit 2. If I'm correct, the exhibit is saying that the addendum replaces the introductory paragraph, in other words, wipes out the -- wipes out the words that say that you can't move it anytime; am I right?
 - That is correct.
- What about the other one, if I'm clear on Western Wireless No. 1? I'm looking at it and I'm -- maybe I can't get it through my head today, but exactly where is Section 2 on Cellular One Wireless Residential Agreement?
 - Mr. Commissioner, it's on the backside of

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the District Court to have that case remanded to the PSC to introduce additional evidence?

- A. I am not -- I don't know the exact date that the hearing was requested. However, I do know that we had all of these -- all of the addendums were signed by the middle of February.
- Are you familiar with the FCC ruling that's been introduced as Consolidated Exhibit No.
 - A. Just what I heard today.
- I don't have -- in Exhibits 7 and 8 the phrase is used "failure of the unit." Do you see that or are you familiar with that?
 - I don't have a copy of it.
- I'm going to read it and then I'll ask you a guestion. "... One installation location is a violation of this agreement and your Cellular One Wireless Residential Service Agreement and may result in substantial additional fees to you, failure of the unit and/or termination of the agreement."
- Can you tell us what is meant by "failure of the unit"?
 - Well, Mr. Maus, being I did not write the language, I'm not exactly sure what is meant by the

the service agreement, and it's in Section 2, and it's the --

- 0. You're right.
- -- second to the last sentence.
- Thank you. Then I have it. I've got it. And by these changes, you're saying in effect that it still is mobile --
 - A. Yes.
 - -- regardless. 0.

COMMISSIONER HAGEN: Okay. Thank you. MR. BINEK: Commissioner Wefald.

EXAMINATION

BY COMMISSIONER WEFALD:

- You said that these provisions were put into these two agreements for the purpose of sales quality and service quality; is that correct?
 - That's correct.
- How does it affect service quality to move the unit?
- Commissioner Wefald, what we were looking for when -- basically when this language was placed in there was they were looking for optimum service quality -- or optimum signal quality, excuse me, and so I may have misspoken when I said the

service, but when I refer to service, a lot of

you were always able to receive a phone call.

- That's one of the things in sales and marketing that we pride ourselves in, is to not oversell and not undersell but to make sure that, you know, if you have this service, that we want you to be able to receive that phone call.
- Q. So, for example, in North Dakota there are some places where a signal is unclear or may not be able to be received if the person is taking this on the road and using it from their car. Is that the situation that you were talking about, just as it may be unclear for a regular cellular phone when you're traveling along in your car and you may get an unclear signal?
- A. That could be. You know, one of the things that happened when we introduced the service in Regent is it was a test market, and we weren't exactly -- you know, we weren't sure of, you know, the quality, you know, what -- were we going to be maintain the high quality that Cellular One is known for across the state, and so we felt that initially it probably wasn't too bad of an idea to have the quality control there by keeping the unit

within a good, strong signal to make sure that our

customers were able to receive their phone calls.

Yes. That does happen sometimes as you travel across the state that you may not have a strong

signal. However, there's a difference between this

6 mobile unit and your conventional handheld or even 7 a bag phone or your car phone.

- Q. I know there's a difference. Did you --would this particular -- this particular unit, if I'm in my car and want to use it for a fax, I'm able to do that based on its battery power; isn't that correct?
 - A. That's correct.
- Q. All right. And so if I were on a place on the highway that didn't have a good signal, I would not be able to send a fax; is that correct?
- A. You may or may not, depending on the signal strength at that point. However, it's an interesting point that you bring up by taking the unit and putting it into your car. We do have a customer in one of our other markets that is traveling all across the United States with his tellular unit and using it everywhere he goes, and so, you know, that's showing that it is a very mobile unit.

Q. So what you're telling me is that you want the person who's using the unit to have the optimum service quality, and that's why you put these restrictions?

- A. That was -- that was the indication that we have gotten from sales and marketing, is they felt that that was a proper sentence to have in there. However, we have since, you know, taken that sentence out knowing that, you know, we need to have the full mobility of the unit, and at no time with that sentence in the service agreement did it restrict the technical aspects of the phone, of the unit itself, which is a mobile unit.
- Q. However, you're making a distinction between the technical aspects and the penalty that a person might receive if they did move the unit; isn't that correct?
- A. Well, Commissioner Wefald, we don't know how our customers were using our phones. You know, that's something that -- you know, our wireless access units. We don't know. We do know, however, that there were some customers that were taking them and moving them from room to room within their house, you know, moving them from inside the house to a garage or to a barn, and, you know, at no time

1 did we impose any type of penalties on those 2 customers, and for that matter, you know, we would

not have, and that portion of the service agreement was removed within a month of our beginning service

there.

COMMISSIONER WEFALD: Thank you.

MR. BINEK: Commissioner Reinbold.

COMMISSIONER REINBOLD: Thank you.

EXAMINATION

BY COMMISSIONER REINBOLD:

- Q. Ms. Kelsch, would you say that the original decision and installation of this service to Regent was by your company a test case?
- A. Commissioner Reinbold, when we initially launched the service down in Regent, it was with a lot of fanfare and it was something that we had talked about doing to show what wireless residential services was all about, and if you'll recall, when we were here discussing the possibilities of us receiving our ETC status, one of the Commissioners, Commissioner Wefald, had suggested at that point that maybe it would be a good idea for us to take a look at deploying a test market to see exactly how the service worked, and we decided that that was probably something that

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was in our best interests and went ahead and deployed a test market down in Regent, North Dakota.

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- Okay. Then understanding the demography and geography of the Regent area, southwest North Dakota, and knowing what you now know that which has transpired in this case, would you choose Regent again?
- Absolutely, Mr. Commissioner. It was a very good -- it was a very good area for us to go into, and we stand by our Regent customers and believe that it was a great area for us to begin service.
- Q. Were you involved in choosing Regent the first time or was Regent imposed upon you?
- No. It was not imposed upon me. Actually, I knew of a couple of locations. However, I was not part of the big decision.
 - Okay. Who was?
- That was decided by those that are above A. me, our CEO, John Stanton, and other members of our company.
- 23 COMMISSIONER REINBOLD: Okay. That's all 24 the questions.
 - COMMISSIONER WEFALD: I have a question.

MR. DEJORDY: Just a couple.

REDIRECT EXAMINATION

BY MR. DEJORDY:

- RaeAnn, in response to Commissioner Hagen you identified what language was deleted from the Cellular One Wireless Residential Service Agreement. Could you turn to the service agreement and state specifically what language was actually deleted in the amendment that was entered into by the customers? Do you have a copy of --
 - I don't have a copy of it.
- Let me provide you with a copy of Consolidated Exhibit No. 7, I believe.
- "The unit is intended to remain stationary. Removing the unit from the location where it was installed by us is a violation of this agreement and may result in substantial additional fees to you, failure of the unit, and/or termination of this agreement."
- So just to confirm, all that language was deleted from the agreement; is that correct?
 - That is correct.
- 0. RaeAnn, I now ask you to take a look at Consolidated Exhibit No. 8. With the amendments entered into between Western Wireless and the

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MR. BINEK: Commissioner Wefald.

COMMISSIONER WEFALD: I don't know whether to ask this question of you or to ask for it in a brief if we're going to have follow-up briefs.

MR. BINEK: I am going to ask for briefs to be filed in this case.

COMMISSIONER WEFALD: You know, what is difficult -- one of the difficult questions in this is that the language was in the contracts at the time that the Commission was making this determination. Now the language has been removed. Do I make the decision based on today that the language is now removed from the contract since we're now reconsidering this at this time, or do I base my decision on the language that was in the agreement and for the customers at the time of the original hearing, and I don't know how I'm supposed to address that.

MR. BINEK: Well, the two sides have heard what your concern is, and I will be asking them to file briefs, and so they can address that question in their brief.

COMMISSIONER WEFALD: Thank you.

MR. BINEK: Mr. DeJordy, do you have further questions?

customers in Regent, that amendment being Western Wireless Exhibit 2, could you state specifically what language in the equipment loaner -- the Demo/Loaner Equipment Agreement was deleted?

- "The unit is intended to remain stationary. Removing the unit from its Cellular One installation location is a violation of this agreement and your Cellular One Wireless Residential Service Agreement and may result in a -- in substantial additional fees to you, failure of the unit and/or termination of this agreement."
- Okay. When did you first become aware of the language that was contained in the service agreement and the equipment agreement, that language being language that restricted the mobility of the service?
- A. When it was introduced as evidence by Consolidated.
- And was that after the hearing that took place before this Commission?
 - A. Yes.

MR. DEJORDY: I have no further questions.

MR. BINEK: Mr. Maus, do you have any questions based on the exchange between the

Commissioners and the witness?

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MR. MAUS: Yes.

RECROSS-EXAMINATION

BY MR. MAUS:

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- If the purpose of that language was service quality, why would you terminate somebody's service or add additional fees if they simply moved the device?
- Mr. Maus, I'm uncertain why that language was put in there in the first place. I was not part of the language -- the drafting of the language to put into the service agreement.
- Would it be fair to summarize your testimony to say that the device itself remained mobile but it might not work if it's moved?
 - No. That is not correct.
- Isn't that what you testified to, that if it's moved, it may not work?
- No. What I said was it may not have the optimum signal quality.
- I'm going to give you a chance to -- I'm not trying to trick you -- but correct your testimony. I believe you testified that the addendums were made one month after service was introduced?
 - Excuse me. After I said that, I thought

It doesn't -- it doesn't say a fine, does 1 2 it? It says additional fees. 3

- Correct. A.
- So the additional -- in your understanding the "may result in substantial additional fees to you" is different from a fine?
- A. That is correct. I -- the way I see it is as I just stated, that it could possibly have been that maybe you would take it down to South Dakota. Being in Regent, that's an area that you could very easily go into and you may obtain roaming fees at that point.
- 0. Why would they have talked about termination of the agreement -- "may result in termination of this agreement" if you moved it? If given your theory of what these -- this sentence means, may result in substantial additional fees, to roaming charges; failure of the unit would be the fact that it may not receive a signal properly; but what about the last one, termination of this agreement?
- A. I can't answer that. I don't know what that means.
 - Other than the plain words? 0.
 - Other than the plain words. A.

about it. It was February the following year, so it would have been 13 months.

MR. MAUS: Thank you. No other questions. MR. BINEK: Thank you. At this point this witness is excused.

COMMISSIONER WEFALD: I have one other question.

MR. BINEK: Okay. Go ahead.

FURTHER EXAMINATION

BY COMMISSIONER WEFALD:

- Do you have any idea of why the sentence was in there about may result in additional -substantial additional fees to you? Why -- what -why would that result in additional fees to a customer? Would they be using their unit in a different way if they took it with them that they might have additional fees for the service?
- Commissioner Wefald, the only thing that I can think of is that they may have been referring to roaming charges, those charges that you would -you know, say, for example, you travel outside of the 19 states that we cover and you may receive a roaming charge. That's the one that comes to mind to me. I could not think of another type of a charge that may result.

- Were you -- they wouldn't have been afraid of someone stealing the unit because it -- are they -- I suppose I'm just guessing. Would there be a threat that they would be -- that -- people are leasing this equipment?
- A. Currently the way we have it set up in Regent, North Dakota, is that we give the unit to the customer to use, and they don't pay any fees to us to use the unit itself. So it's -- if they would terminate their service, the equipment remains ours and it comes back to us.
- O. And so if they gave this piece of equipment to a friend, that would be against the rules of this agreement?
- A. I don't know. I can't answer that question.

COMMISSIONER WEFALD: Thank you.

MR. BINEK: Any of the other Commissioners have any questions?

COMMISSIONER HAGEN: No questions.

MR. BINEK: Mr. DeJordy, do you have any questions that -- I'll give you an opportunity to ask any questions that arose as a result of the exchange between Commissioner Wefald and the witness.

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REDIRECT EXAMINATION

BY MR. DEJORDY:

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- RaeAnn, just to clarify additional fees, cellular customers today when they roam outside their designated service area, do they face additional fees with respect to roaming?
- It depends. On our conventional cellular rate plans we do have some rate plans that include the ability to roam and not pay additional charges or to pay, you know, maybe a 49 cent or 79 cent charge, depending on what state they're in. If you do not have that included in your rate plan, then it would be just the standard roaming charges, which range anywhere from 79 cents to \$1.25.
- And are you aware if the wireless residential service customers in Regent -- if they roamed outside of their local calling area if they would face roaming charges?
- I believe that the way that the service is set up, the rate plan is set up, that it does not include the roaming plan as we have it. However, I don't know if they would incur the roaming charges or not.
- 24 MR. DEJORDY: Okay. No further questions. 25 MR. BINEK: Mr. Maus, I'll give you the

That relates to the issues before this Court

2 Now the question from Commissioner Wefald, 3 we think, is a very important question, and that is what time frame do you consider the exhibits that 4 5 have been offered into evidence, and we think it's 6 been remanded to this Commission to make findings 7 of fact based upon August 31st, 1999, and what was 8 in place at that time, and we'll obviously brief 9 that issue for the Commission, but the fact that 10 they changed it after the fact doesn't change the 11 fact that with these two exhibits, 7 and 8, and you 12 go back to the original federal law, that 13 ordinarily does move, they're inconsistent, and 14 their agreement was inconsistent with the federal 15

With regard to Exhibit 10, and I'm going to leave copies for the staff, it's a very thorough examination by the FCC of these quasi fixed systems, and they have reached a conclusion that the proposed regulation which would have said that they're presumed to be mobile is not appropriate. So the FCC did not adopt that regulation. That proposed regulation was before the FCC when you first considered this matter. They've said, we're not going to adopt that, and they gave very good

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same opportunity.
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MR. MAUS: No questions.

3 MR. BINEK: Okay. The witness is excused. Mr. DeJordy, do you have any further witnesses to 5 present?

MR. DEJORDY: No, I don't.

MR. BINEK: Mr. Maus, do you have any rebuttal witnesses?

9 MR. MAUS: We do not.

MR. BINEK: Okay. At this time I had indicated that I would allow both parties to present closing statements. I would request that it be a brief closing statement, if you wish to make one, and I'll begin with Mr. Maus.

MR. MAUS: And you're also going to ask us to file written briefs?

MR. BINEK: Yes.

MR. MAUS: Okay. I'll try to be -- well, I will be brief. We think it's important for the Commission to go back and visit the original

21 federal law that's involved here because that 22 federal law says that a mobile station is one

23 capable of being moved and which ordinarily does

24 move. That's very important. That's in the 25

statute. That's not in any rules or regulations.

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reasons why the fixed or quasi fixed service should not be presumed to be mobile.

COMMISSIONER WEFALD: Do I have a chance to ask a question about that later?

MR. BINEK: Well, they'll be briefing that issue.

COMMISSIONER WEFALD: I understand that, but it's a different conclusion on the last page of their order that I just read than what he stated, and so I just would like to have a chance to have him be able to clarify his conclusion versus the conclusion of the FCC. I'm looking at page eight.

MR. MAUS: Okay. Let me get there.

MR. BINEK: The arguments are not evidence. I mean, he can present it here or in brief. They're not -- they're not evidence in the case. They're Mr. Maus's interpretation of the --

COMMISSIONER WEFALD: I'll just draw it to his attention then that I have a question versus -his summary of the case versus the conclusion that's reflected on page eight of the conclusion of the FCC order. It doesn't match in my mind. So if

you want to address that in your brief or now, that 24 would be fine. 25

MR. MAUS: I would like to address it

briefly right now. I think the first sentence says that. "We find that due to the evolving nature of fixed wireless service, a case-by-case determination would best serve the public interest." So they're deciding then that there will not be this presumption that was proposed under the law.

I think if you go back to page four, review the discussion of the first report and order, and so forth, it goes through that under number seven and number eight, but I think that is consistent, Commissioner Wefald. They're saying we're not going to adopt the presumption. We're going to do it on a case-by-case basis, and they rejected the proposed rule which would have presumed fixed wireless is mobile and said we won't presume that. It's going to be a case-by-case basis.

COMMISSIONER WEFALD: Thank you.

MR. MAUS: I have no further argument.

MR. BINEK: Thank you. Mr. DeJordy.

MR. DEJORDY: Thank you, Commissioners.

The issue before the Commission is a narrow and straightforward one, that is whether the so-called new evidence would change the Commission's findings

of fact and conclusions of law and order dated August 31st, 1999.

The Commission's August 31st, 1999, decision was that the wireless local loop service offered by Western Wireless in Regent is a mobile service. The Commission made that conclusion after taking a look at the facts, did a case-by-case review of the issue before them and looked at the service and came to the conclusion that it is a mobile service.

The Commission did not reconsider this decision when asked to do so by Consolidated. Consequently, Consolidated appealed the Commission's decision to State Court.

While this appeal was pending in Court, Consolidated sought to introduce new evidence in the form of the Cellular One Wireless Residential Service Agreement and the Wireless Residential Service Demo/Loaner Equipment Agreement used by Western Wireless in Regent.

Realizing that these agreements did contain this language and that the language was not intended to change the mobile nature of the underlying services, Western Wireless entered into addendums with its Regent customers that removed

this language that could be interpreted as restricting the mobility of the service.

The evidence presented today showed that the language contained in the Regent agreements does not change the underlying nature of the service. The language was included in the initial versions of these agreements for the sole purpose of ensuring optimum signal quality.

This was a new service, as explained by RaeAnn, and the operation folks within the company felt that it was important to maintain a high level signal quality, especially given the use of this service as a potential replacement for land line and a service that was used a little bit differently than the conventional cellular mobile service offerings made by the company. So the operations folks wanted to ensure an optimum signal. It was a test market and there was a lot of reasons to — to impose that condition in the service agreement.

Nevertheless, when the regulatory department, anyways, realized that this provision was in the agreement and that it had the unintended consequence of potentially restricting the mobility of the service, that language was deleted from the

agreement. We've heard testimony that customers are using the service in a mobile manner.

I think what this case really boils down to is that this Commission has made a determination based upon the facts that this wireless local loop service is mobile. This so-called new evidence essentially cancels itself out. The evidence submitted by Consolidated pointed to some restrictions in the agreements entered into by the customers. When the company learned that these restrictions were in the agreement, it entered into the addendums to remove those restrictions from the agreement.

At this time the company's offering the service to approximately 37 customers in Regent. It is also offering this service to well over 1500 customers throughout North Dakota, Minnesota, Kansas, Texas and Nevada.

Every state that has considered this issue in the context of pending ETC applications, including this Commission, has concluded that the service offered by the company through its wireless local loop product is a mobile service, and I think the Commission can find probably greater comfort in that fact. In its initial determination this

Commission was the first state in the country to take on this issue, and it came out with the right decision, and that decision was that it was a mobile service. Subsequent to that, the other states that have considered this issue, Minnesota, Kansas, Texas, Nevada, have concluded that the service is a mobile service and is not subject to state Commission entry and rate regulation.

weeks.

I think the evidence presented in this case shows that the Commission's findings of fact and conclusions of law and order should not be disturbed, and the Commission should issue a decision finding that that decision has not and will not change as a result of the new evidence submitted in this case. Thank you.

MR. BINEK: All right. Thank you. At this point we need to discuss briefing. I indicated that I will require a brief and also require that proposed findings be submitted by both parties, and I guess, first of all, Stephanie, how much time do you think you'll need to prepare the transcript with the assumption that the parties will want transcripts prior to briefing?

THE REPORTER: A week-and-a-half to two

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COMMISSIONER HAGEN: Thank you all for a -- I think we've got a good record, and I'm looking forward to looking at your briefs. Bill said we'd be done by Noon, and it looks like we're going to be. Thank you.
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MR. BINEK: I already tried to speed up this process, but you guys insisted on asking questions. Commissioner Wefald.

COMMISSIONER WEFALD: I'm going to also look forward to reading the briefs. This -- both sides raise a number of very interesting issues, and I'll say that I still have questions in my mind. So your briefs will be very important in helping me determine the action that I take on this particular case. I need some time to think about it, and it's -- I -- so thank you very much for excellent presentations this morning, and I'll look forward to the briefs that you have to present. Thank you.

MR. BINEK: Commissioner Reinbold.
COMMISSIONER REINBOLD: I'll read the briefs. Thank you.

MR. BINEK: Thank you, Commissioners and everyone who participated in this proceeding. This hearing is closed.

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               MR. BINEK: Two weeks?
 2
               THE REPORTER: Week-and-a-half to two
 3
      weeks.
               MR. BINEK: How long do you think -- Mr.
 4
 5
      Maus, how long do you think it would take you at --
 6
      I'm looking for simultaneous briefs by the parties.
 7
               MR. MAUS: Two weeks after receiving the
 8
      transcript.
 9
               MR. BINEK: Okay. So today is the 26th.
10
      That would -- a month from now would be October
11
      24th. Would that give everybody sufficient time?
12
               MR. MAUS: Yes, it does.
13
               MR. DEJORDY: That's fine.
14
               MR. BINEK: Okay. Then I will require
15
      that briefs be simultaneously filed by both parties
16
      and that there be proposed findings of fact filed
      by both parties no later than Tuesday, October
17
18
      24th.
19
               MR. DEJORDY: If I can just confirm that
20
      there is no reply briefs. It would be just the one
21
      simultaneous brief?
22
               MR. BINEK: Correct. That is all that I'm
23
      looking for. Okay. I'll ask if the Commissioners
24
      have any final comments or closing comments.
25
     Commissioner Hagen.
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                 (Concluded at 11:24 a.m., the same day,)
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	WESTERN WIRELESS V. C
1	73 CERTIFICATE OF COURT REPORTER
2	
3	I, Stephanie A. Smith, a Registered
4	Professional Reporter,
5	DO HEREBY CERTIFY that I recorded in
6	shorthand the foregoing proceedings had and made of
7	record at the time and place hereinbefore
8	indicated.
9	I DO HEREBY FURTHER CERTIFY that the
10	foregoing typewritten pages contain an accurate
11	transcript of my shorthand notes then and there
12	taken.
13	Dated at Bismarck, North Dakota, this 3rd
14	day of October, 2000.
15	
16	
17	. Stephanie A. Smith
18	Registered Professional Reporter
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Kelsch Kelsch Ruff & Kranda

C.F. Kelsch 1890-1987

Attorneys at Law Mandan, North Dakota

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*Also Licensed in Minnesota

January 26, 2000

HAND DELIVERED
ILLONA JEFFCOAT-SACCO
DIRECTOR PUBLIC UTILITIES DIVISION
PUBLIC SERVICE COMMISSION
600 E BLVD AVE
BISMARCK ND 58505-0480

Western Wireless Corporation Response to Letter From Attorney Michael Maus dated

December 21, 1999 Our File No. 8451

Dear Ms. Jeffcoat-Sacco:

RE:

On behalf of Western Wireless Corporation, I wanted to reply to Attorney Maus's December 21, 1999, letter concering the Wireless Residential Service Demo/Loan Equipment Agreement and CellularOne Wireless Residential Service Agreement.

Mr. Maus argues that these agreements are in opposition to the position that Western Wireless took before the PSC that these units are mobile. Western Wireless disagrees with that argument.

In response to this I am enclosing a Declaration from John M. Tedeschi, Director of Product Development, for Western Wireless Corporation. The Declaration was filed with Federal District Court in response to a similar argument made by Consolidated.

Also enclosed is a statement filed in the state appellant court action along with an Addendum to CellularOne Wireless Residential Service Agreement which addresses the concerns of Western Wireless as stated in Tedeschi's Declaration.

I realize that this matter is not before the PSC at this time but Western Wireless felt that this information may be helpful to you and the PSC.

Respectfully yours,

TDK:ve Encs Thomas D. Kelsch

c:

Western Wireless Corporation

IN THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF NORTH DAKOTA

WESTERN WIRELESS CORPORATION and WWC HOLDING CO., INC., dba CELLULAR ONE, Plaintiffs,)) CIVIL ACTION) NO. A1-99-006
v.)
CONSOLIDATED TELEPHONE COOPERATIVE,)))
Defendant.)))

DECLARATION OF JOHN M. TEDESCHI

- I, John M. Tedeschi, do hereby declare and affirm, under penalty of perjury:
- 1. I am employed by Western Wireless Corporation ("Western"), the Plaintiff in this matter. My title is Director of Product Development.
- 2. I have been employed by Western since November, 1995.
- 3. As part of my regular duties for Western, I head a development group which develops new telecommunications products, specifically those that operate off of a switch, and then introduce those products into the market. I also manage a competitive local exchange in Billings, Montana that provides landline business telecommunications to small businesses in that area. With respect to Western's new WRS offering, I headed the business development group that introduced the WRS service into Regent, North Dakota. My duties as part of this project generally included creating a project plan and supervising a project manager. One of

my specific duties included the review and approval of the Demo/Loaner Agreement and the Wireless Residential Service Agreement for Western's new WRS offering in Regent, North Dakota.

- 4. I am aware that Defendant's Memorandum in Opposition to Plaintiff's Motion for Summary Judgment, includes a passage in which the Defendant states that "paragraph 2 of the Terms & Conditions of the Wireless Residential Service Agreement signed by each of Western's WRS customers provides that the 'Unit' given to the customer for WRS 'is intended to remain stationary[,]"as well as a passage which states, Western's "own internal documents which describe WRS as a 'fixed wireless product offering' and which, by written contract with WRS subscribers, prohibit the movement of the equipment provided to the customer for WRS."
- 5. I was not asked about either of these WRS customer contracts or any of these specific provisions in my deposition on August 12, 1999, or anytime thereafter. If, however, I had been asked why this sentence was included in Western's service agreements for its WRS service, I would have responded that this language was added primarily because of a concern over service quality. This concern was present because WRS was a new service offering and the equipment used to provide the service also was new. We knew that some trouble shooting would be necessary and, to make it easier to identify the source of any problems, we directed our customers to leave the equipment where it was first placed.
- 6. In addition, we knew that we could only ensure that calls made from and placed to the unit in the Regent exchange would be rated correctly only if the unit remained within the Regent area. If the customer used the unit outside of the Regent area, long distance charges might be incurred.

7. The fact that we required our customers to keep their equipment in its original location does not alter the fact that the WRS equipment is mobile cellular equipment that customers could use in mobile applications and, notwithstanding the customer service agreements, many do.

Dated: January 14, 2000

John M. Tedeschi

The Appellant recently supplemented the record in this proceeding by introducing two additional documents that they claim are "highly relevant and material." As explained in the attached Declaration of John Tedeschi, the language contained in the documents submitted by the Appellant that required the wireless access unit to remain stationary "was added primarily because of a concern over service quality." The Public Service Commission correctly concluded that, based upon all of the facts, the wireless access unit is mobile.

Recognizing, however, that the contract language limits the mobility of the wireless access unit and that mobility is an important attribute of the service, the attached Addendums to the CellularOne Wireless Residential Service Agreement and Wireless Residential Service Demo/Loaner Equipment Agreement have been prepared to remove this limitation and will be entered into with each of the Company's customers using the wireless access unit. Instead of addressing the quality of the service through contract language that limits the mobility of the wireless access unit, the Company will work with its customers to maintain its high-quality service.

ADDENDUM TO CELLULARONE WIRELESS RESIDENTIAL SERVICE AGREEMENT

This Addendum to the CellularOne Wireless Residential Service Agreement replaces Section 2 of the General Terms and Conditions with the following language:

2. Use of Service. You agree not to resell the Service (whether for profit or otherwise) or to use your Unit or the Service for any unlawful or abusive purpose or in such a way to create damage or risk to our business, reputation, employees, facilities, third parties or to the public generally. You have no proprietary or ownership rights to or interests in a specific telephone number ("Number") assigned to your Unit. We may change your Number assignment at any time. You may not use or assign the Number to any other Unit or electronic serial number ("ESN"). You shall not program any other Number into your Unit and any such act shall be deemed to be fraud and a breach of this Agreement.

Customer	CellularOne
Dated:	Dated;
Dated:	Dated.

ADDENDUM TO WIRELESS RESIDENTIAL SERVICE DEMO/LOANER EQUIPMENT AGREEMENT

This Addendum to the Wireless Residential Service Demo/Loaner Equipment Agreement replaces the introductory paragraph with the following paragraphs:

The Wireless Residential Service Demo/Loaner communication equipment described below, including any additional or replacement equipment (the "Unit"), is provided to you as a courtesy by Cellular One for Cellular One Wireless Residential Service ("Service") use only. You acknowledge that you are responsible for payment of all charges incurred by the Unit while it is in your possession and/or activated under your account. You agree to allow Cellular One access to the Unit installation location at a date and time set by Cellular One to remove the Unit (1) immediately upon Cellular One's request, (2) at the agreed upon date, or (3) within ten days of Service deactivation, whichever is first. If you have submitted equipment for repair, you acknowledge that Cellular One cannot guarantee estimated repair costs; you will be advised if actual repair costs exceed the estimate. For additional service terms and conditions, please see you Service Agreement.

Customer	CellularOne
Dated:	Dated:

HARDY, MAUS & NORDSVEN

ATTORNEYS AT LAW

ALBERT J. HARDY MICHAEL J. MAUS * MARY E. NORDSVEN **

P.O. Box 570 Dickinson, ND 58602-0570

TELEPHONE (701) 483-4500 FAX (701) 483-4501 e-mail hmn@mail.ctctel.com 137 FIRST AVENUE WEST "BARRISTER BUILDING"

Fax: 1-701-328-2410

ALSO ADMITTED IN
MONTANA *
COLORADO AND TEXAS **

January 3, 2000

Mr. William W. Binek
Public Service Commission
600 E. Boulevard Avenue, Dept. 408
Bismarck, ND 58505-0480

Re: Consolidated Telephone Cooperative v. Western Wireless Corporation Case No. 08-99-C-02486-001

Dear Mr. Binek:

Because the Public Service Commission did not take a position on the appeal which Consolidated Telephone Cooperative has before the State District Court in Burleigh County on the Western Wireless matter, I failed to provide you with a copy of a Motion which Consolidated filed. Enclosed with this letter is a copy of that Motion. It appears to me that based upon Western Wireless Corporation's failure to bring these documents to the attention of the PSC, the PSC may want to join with Consolidated in this pending motion.

Sincerely,

HARDY, MAUS & NORDSVEN

Michael J. Maus

MJM:1j

Enclosures

cc: - Mr. Gene DeJordy

Ms. Michele c. Farquhar

Mr. Thomas D. Kelsch

Consolidated Telephone Cooperative

HARDY, MAUS & NORDSVEN

<u>---</u>רכבסטה, הכבסטה, הטדר α ההאושא <u>-</u>-

ATTORNEYS AT LAW

ALBERT J. HARDY MICHAEL J. MAUS * MARY E. NORDSVEN **

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ALSO ADMITTED IN **MONTANA*** COLORADO AND TEXAS ** P.O. Box 570 Dickinson, ND 58602-0570 TELEPHONE (701) 483-450(FAX (701) 483-4501 e-mai hmn@mail.ctctel.com 137 FIRST AVENUE WEST "BARRISTER BUILDING"

Ms. Illona Jeffcoat-Sacco Public Service Commission State Capitol Building 600 Bast Boulevard Bismarck, ND 58505-0480

Western Wireless Corporation

Dear Illona:

As you are probably aware, in addition to the dispute which was before the PSC between Consolidated Telephone and Western Wireless Corporation, there is also a lawsuit brought by Western Wireless against Consolidated in Federal Court alleging violations of anti-trust laws. As part of the discovery in that lawsuit, Western Wireless has produced two interesting (2) documents which would have been relevant to the PSC hearing if they had been produced at the time. I am enclosing copies of both of these documents with this letter.

The first document is entitled Wireless Residential Service Demo/Loaner Equipment Agreement. Beginning on line 2, the agreement states as follows: The Unit is intended to remain stationary: removing the Unit from its Cellular One installation location is a violation of this Agreement and your Cellular One Wireless Residential Service Agreement (your "Service Agreement") and may result in substantial additional fees to you, . . .

The second agreement is called Cellular One Wireless Residential Service Agreement. The backside of the agreement contains general terms and conditions. Under paragraph 2, the following language is set forth: The Unit is intended to remain stationery. Removing the Unit from the location where it was installed by us is a violation of this Agreement and may result in substantial additional fees to you, failure of the Unit, and/or termination of this Agreement.

Ms. Illona Jeffcoat-Sacco December 21, 1999 Page Two

Both of these agreements between Western Wireless and their customers are in direct opposition to the position which Western Wireless took before the Public Service Commission. It should have been incumbent upon Western Wireless to inform the Commission that the devices are intended to remain stationary, not mobile. The fact that Western Wireless failed to bring this to the attention of the Commission appears to be a deliberate attempt to mislead the Commission. As a result, the appeal will be based upon an incomplete record.

Western Wireless should be fined or penalized for misleading the Commission by failing to bring these contracts to the Commission's attention when this matter was before the Commission.

Sincerely,

HARDY, MAUS & NORDSVEN

Michael J. Maus

MJM:1j

cc:

Enclosures

Consolidated Telephone Cooperative

Mr. Michael Bosh Mr. Thomas F. Kelsch

Wireless Residential Service Demo/Loaner Equipment Agreement



The Wireless Residential Service Demo/Loaner communication equipment described below, including any additional or replacement equipment (the "Unit"), is provided to as a courtesy by Cellular One for Cellular One Wireless Residential Service ("Service") use only. The Unit is intended to remain stationary: removing the Unit from its Cellular One installation location is a violation of this Agreement and your Cellular One Wireless Residential Service Agreement (your "Service Agreement") and may result in substar additional fees to you, failure of the Unit, and/or termination of this Agreement. You acknowledge that you are responsible for payment of all charges incurred by the Unit with it is in your possession and/or activated under your account. You agree to allow Cellular One access to the Unit installation location at a date and time set by Cellular One to rem the Unit (1) immediately upon Cellular One's request, (2) at the agreed upon return date, or (3) within ten days of Service deactivation, whichever is first. If you have submit equipment for repair, you acknowledge that Cellular One cannot guarantee estimated repair costs: you will be advised if actual repair costs exceed the estimate. For additic service terms and conditions, please see your Service Agreement.

You acknowledge that you have received conditions.	a copy of the Cellular One Wireless Reside	ntial Service Agreement	and agree to its terms and
You agree that you will be fully liable for to your Cellular One account pursuant to	r any damage to or loss of the Unit, up to it to the terms of your Service Agreement.	s \$400 replacement valu	e. This charge may be billed
You understand that your copy of this A and/or returning the Unit.	greement is your receipt, and must be prese	nted when picking up y	our repaired equipment
Customer's Signature	Print Name	COMPANY	Name
Home Phone	Work Phone	Address	-
SOCIAL SECURITY NUMBER	Driver License Number		
DATE OF DEMO/LOANER ISSUE	Expected Return Date	ACTUAL RE	TURN DATE
DESCRIPTION OF DEMO/LOANER E	QUIPMENT		
Wireless Residential Service Phone Number	ESN Number	Date/Time	
Manufacturer	Model	EQUIPMENT	VALUE
Comments:			
EQUIPMENT SENT TO MANUFACTU	TRER FOR REPAIR		
MANUFACTURER NUMBER ESN NUMBER	DATE OF PURCHASE	Date Sent to	Manufacturer
MODEL NUMBER	MFG. RMA NUMBER		
WARRANTY	EST. REPAIR COST		
Description of Problem:			
RECEIVED			
Customer S	SIGNATURE	· · · · · · · · · · · · · · · · · · ·	DATE
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CELLULA	ARONE			SA #	0202	
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☐ BILL TO THIS	S ADDRESS	BILL TO THIS	ADDRESS	EMPLOYER NAME	HOW LO	
CUSTOMER NAME		COMPANY NAME		BIRTHDATE	SOCIAL SECURITY	
HOME STREET ADDRESS		WORK STREET ADDRESS		DAIMER'S LICENSE		
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		BUS		ACCOUNT NO.		
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September 24, 1999

JON MIELKE, EXECUTIVE SECRETARY NORTH DAKOTA PUBLIC SERVICE COMMISSION 600 EAST BOULEVARD BISMARCK, ND 58505-0480

Re:

Western Wireless Corp. v. Consolidated Tel. Coop., Inc.

Case No. PU-1564-99-17

Western Wireless' Response to Consolidated's Petition for

Reconsideration

Dear Mr. Mielke:

This letter responds briefly on behalf of Western Wireless Corporation to Consolidated Telephone Cooperative's September 14, 1999, Petition for Reconsideration in Case No. PU-1564-99-17. Consolidated's Petition basically makes the same argument that the company originally raised as a counterclaim to our now-resolved complaint regarding Consolidated's termination of service to Western Wireless, that the Commission possesses rate and entry jurisdiction over Wireless Residential Service ("WRS") offered by Western Wireless in Regent, North Dakota. As explained below, there is no basis for the Commission to reverse course in this matter, and the Commission therefore should not grant Consolidated's Petition.

Background. On January 7, 1999, Western Wireless began offering WRS in Regent. Four days later, Consolidated disconnected without notice certain services that Western Wireless purchases in order to provide WRS. Western Wireless immediately filed a Complaint and Expedited Motion for Preliminary Injunction seeking restoration of service and the assessment of penalties against Consolidated. Consolidated restored service on February 1, 1999, and later filed a counterclaim requesting that the Commission order Western Wireless to cease and desist providing WRS until we obtain a Certificate of Public Convenience and Necessity. On August 31, 1999, the Commission issued its Order imposing penalties on Consolidated. The Order also rejected the counterclaim, holding that the Commission lacks rate and entry jurisdiction over Western Wireless' Commercial Mobile Radio Service ("CMRS") offering of WRS under 47 U.S.C. § 332(c)(3)(A).

Discussion. Consolidated seeks to have the Commission assert jurisdiction over WRS by reiterating incorrect legal arguments and by quibbling about the degree of mobility of the wireless local loop ("WLL")

customer premises equipment ("CPE") used by Western Wireless' WRS subscribers. However, the analysis in the *Order* supporting the Commission's decision not to assert jurisdiction over WRS was well-reasoned, legally-correct and should be sustained.

First, the Commission properly rejected Consolidated's contention that the WRS offering is entirely fixed, rather than a hybrid fixed/mobile or mobile service offering, and the "ordinarily does not move" language from 47 U.S.C. § 153(28) cited by Consolidated does not change this correct result. The WLL CPE used by WRS subscribers can be moved to any room in the customer's home, can be used outside the home anywhere on the customer's property, and can easily be moved and used anywhere in the service area. And, as noted by both the Commission and Consolidated, the WLL CPE can be battery-operated for "on-the-go" applications such as out-of-doors (without needing to be plugged into an electric socket), or during travel. The Commission should pay no heed to Consolidated's attempt to confuse small differences in the ease of mobile applications between WLL CPE and traditional cellular phones. WLL CPE is certainly "capable of being moved" and may "ordinarily" be moved wherever and whenever WRS customers so desire. In fact, there are various types of CPE used by cellular subscribers, some of which are more mobile than others.

Second, Consolidated's citation of Louisiana PSC v. FCC, 476 U.S. 355 (1986), and its analysis thereunder are misguided. Louisiana PSC addresses the FCC's power, as a federal agency charged with implementing a federal statue, to preempt state law using general preemption powers implicit in the Communications Act. However, where the Act itself explicitly preempts state law - as in the case of 47 U.S.C. § 332(c)(3)(A), as recognized by the Commission - the analysis in Louisiana PSC has no bearing on the matter. Indeed, the issue in Louisiana PSC was the limits on FCC power contained in Section 152(b) of the Act, 47 U.S.C. § 152(b), which (as amended) specifically states that "Except as provided in . . . section 332 . . . nothing in this Act shall be construed to apply or to give the [FCC] jurisdiction with respect to " See Louisiana PSC, 476 U.S. at 360 (citing 47 U.S.C. §§ 151, 152(b)). Hence, given that the Commission is precluded from exercising rate and entry jurisdiction over CMRS offerings by Section 332(c)(3)(A) of the Act, and not by any action by the FCC, Louisiana PSC is simply inapplicable to the instant case.

Finally, WRS is indeed a CMRS offering, and Consolidated's analysis of the FCC precedent on this issue is misguided. The discussion in paragraphs 35-36 of the *Order* cogently steps through the statutory and regulatory bases underlying the Commission's lack of jurisdiction over WRS as a CMRS offering. And it is clear that, although the regulatory status of completely fixed wireless offerings by CMRS providers remains an open question (which the FCC has indicated it will likely answer by sweeping such services within its CMRS rubric), "the FCC determined that services having both fixed and mobile capabilities fall within the statutory definition of mobile services," as this Commission has properly recognized. *See Order* at ¶ 35; see also id. at ¶ 36 (quoting Amendment of the Commission's Rules To Permit Flexible Service Offerings in the Commercial Mobile Radio Services, First Report and Order and Further Notice of Proposed Rule Making, 11 FCC Rcd 8965, ¶ 7 (1996) ("under the Communications Act, we have concluded that services having both fixed and mobile capabilities, e.g., services provided through dual-use equipment, fall within the statutory definition") (citations and internal quotation omitted)).